

GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, NY 10166-0193
(212) 351-4000
Matthew J. Williams
Keith R. Martorana

Attorneys for the Motors Liquidation Company GUC Trust

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
MOTORS LIQUIDATION COMPANY, <i>et al.</i> ,	: 09-50026 (REG)
f/k/a General Motors Corp., <i>et al.</i>	:
	: (Jointly Administered)
Debtors.	:
-----X	

**MOTORS LIQUIDATION COMPANY GUC TRUST
QUARTERLY GUC TRUST REPORTS AS OF SEPTEMBER 30, 2013**

The Motors Liquidation Company GUC Trust (the “**GUC Trust**”), by its undersigned counsel, pursuant to the Amended and Restated Motors Liquidation Company GUC Trust Agreement dated June 11, 2012 and between the parties thereto (as amended, the “**GUC Trust Agreement**”) and in accordance with Paragraph 31 of the order of this Court dated March 29, 2011 confirming the Debtors’ Second Amended Joint Chapter 11 Plan of liquidation dated March 18, 2011 of Motors Liquidation Company and its affiliated post-effective date debtors (the “**Confirmation Order**”), hereby files the following for the most recently ended fiscal quarter of the GUC Trust.

Financial statements required under Section 6.2(b) of the GUC Trust Agreement for the fiscal quarter ended September 30, 2013 are annexed hereto as Exhibit A (the “**GUC Trust Reports**”).

The GUC Trust has no officers, directors or employees. The GUC Trust and Wilmington Trust Company, solely in its capacity as trustee and trust administrator (the “**GUC Trust Administrator**”), rely solely on receiving accurate information, reports and other representations from GUC Trust professionals and other service providers to the GUC Trust. In submitting the GUC Trust Reports and executing any related documentation on behalf of the GUC Trust, the GUC Trust Administrator has relied upon the accuracy of such reports, information and representations.

Dated: New York, New York
November 7, 2013

GIBSON, DUNN & CRUTCHER LLP

By: /s/ Matthew J. Williams

Matthew J. Williams
Keith R. Martorana
200 Park Avenue
New York, NY 10166-0193
(212) 351-4000

Attorneys for the Motors Liquidation Company GUC Trust

EXHIBIT A

Motors Liquidation Company GUC Trust

Condensed Financial Statements

Quarter Ended September 30, 2013

Motors Liquidation Company GUC Trust

Condensed Financial Statements

Table of Contents

Condensed Financial Statements	<u>Page</u>
Condensed Statements of Net Assets in Liquidation (Liquidation Basis), September 30, 2013 (unaudited) and March 31, 2013	1
Condensed Statements of Changes in Net Assets in Liquidation (Liquidation Basis), Three and Six Months Ended September 30, 2013 and 2012 (unaudited)	2
Condensed Statements of Cash Flows (Liquidation Basis), Six Months Ended September 30, 2013 and 2012 (unaudited)	3
Notes to Condensed Financial Statements (unaudited)	4

Motors Liquidation Company GUC Trust
CONDENSED STATEMENTS OF NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
(Dollars in thousands)

	<u>September 30, 2013</u>	<u>March 31, 2013</u>
	<u>Unaudited</u>	
ASSETS		
Cash and Cash Equivalents	\$ 34,201	\$ 1,010
Marketable Securities	30,435	76,796
Holdings of New GM Securities (Note 5)	2,189,737	1,591,110
Other Assets & Deposits	1,586	1,815
TOTAL ASSETS	<u>2,255,959</u>	<u>1,670,731</u>
LIABILITIES		
Accounts Payable & Accrued Liabilities	5,510	6,782
Liquidating Distributions Payable (Note 4)	100,447	16,555
Deferred Tax Liability (Note 8)	—	164,845
Reserves for Residual Wind Down Claims (Note 7)	29,437	30,855
Reserves for Expected Costs of Liquidation (Note 7)	43,107	61,513
TOTAL LIABILITIES	<u>178,501</u>	<u>280,550</u>
NET ASSETS IN LIQUIDATION (Note 3)	<u>\$ 2,077,458</u>	<u>\$ 1,390,181</u>

See Accompanying Notes to Condensed Financial Statements.

Motors Liquidation Company GUC Trust
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS) (UNAUDITED)
(Dollars in thousands)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net Assets in Liquidation, beginning of period	\$ 1,624,717	\$ 1,007,366	\$ 1,390,181	\$ 1,369,239
Increase (decrease) in net assets in liquidation:				
Net reductions (additions) to reserves for Expected Costs of Liquidation (Note 7)	6,531	(4,678)	8,209	(5,398)
Liquidating distributions (Note 4)	(81,885)	(35,307)	(100,808)	(55,149)
Net change in fair value of holdings of New GM Securities	197,067	203,624	614,991	(246,323)
Interest and dividend income	13	20	40	73
Income tax benefit (provision) (Note 8)	331,015	(20,318)	164,845	88,265
Net increase (decrease) in net assets in liquidation	<u>452,741</u>	<u>143,341</u>	<u>687,277</u>	<u>(218,532)</u>
Net Assets in Liquidation, end of period	<u>\$ 2,077,458</u>	<u>\$ 1,150,707</u>	<u>\$ 2,077,458</u>	<u>\$ 1,150,707</u>

See Accompanying Notes to Condensed Financial Statements.

Motors Liquidation Company GUC Trust
CONDENSED STATEMENTS OF CASH FLOWS (LIQUIDATION BASIS) (UNAUDITED)
(Dollars in thousands)

	<u>Six Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from (used in) operating activities		
Cash receipts from interest and dividends	\$ 41	\$ 83
Cash paid for professional fees, governance costs and other administrative costs	(11,491)	(21,255)
Cash paid for Residual Wind-Down Claims	(1,168)	(1,145)
Cash paid for distributions	(580)	(1)
Net cash flows used in operating activities	(13,198)	(22,318)
Cash flows from (used in) investing activities		
Cash used to purchase marketable securities	(57,035)	(99,721)
Cash from maturities and sales of marketable securities	103,396	99,765
Net cash flows from investing activities	46,361	44
Cash flows from (used in) financing activities		
Cash from sale of New GM Securities for distribution	28	7
Cash transferred to the Avoidance Action Trust	—	(13,715)
Net cash flows from (used in) financing activities	28	(13,708)
Net increase (decrease) in cash and cash equivalents	33,191	(35,982)
Cash and cash equivalents, beginning of period	1,010	38,396
Cash and cash equivalents, end of period	\$ 34,201	\$ 2,414

The GUC Trust has not presented a reconciliation from net income to cash flow from operations. As an entity in liquidation, the GUC Trust does not have continuing operations that result in the measurement of net income as that term is used by generally accepted accounting principles to measure results of operations.

See Accompanying Notes to Condensed Financial Statements.

Motors Liquidation Company GUC Trust
Notes to Condensed Financial Statements
September 30, 2013

1. Description of Trust and Reporting Policies

The Motors Liquidation Company GUC Trust ("GUC Trust") is a successor to Motors Liquidation Company (formerly known as General Motors Corp.) ("MLC") within the meaning of Section 1145 of the United States Bankruptcy Code ("Bankruptcy Code"). The GUC Trust holds, administers and directs the distribution of certain assets pursuant to the terms and conditions of the Amended and Restated Motors Liquidation Company GUC Trust Agreement (the "GUC Trust Agreement"), dated as of June 11, 2012, and as amended from time to time, and pursuant to the Second Amended Joint Chapter 11 Plan (the "Plan"), dated March 18, 2011, of MLC and its debtor affiliates (collectively, along with MLC, the "Debtors"), for the benefit of holders of allowed general unsecured claims against the Debtors ("Allowed General Unsecured Claims").

The GUC Trust was formed on March 30, 2011, as a statutory trust under the Delaware Statutory Trust Act, for the purposes of implementing the Plan and distributing the GUC Trust's distributable assets. The Plan generally provides for the distribution of certain shares of common stock ("New GM Common Stock") of the new General Motors Company, formerly known as NGMCO, Inc. ("New GM"), and certain warrants for the purchase of shares of such stock (the "New GM Warrants," and, together with the New GM Common Stock, the "New GM Securities") to holders of Allowed General Unsecured Claims pro rata by the amount of such claims. In addition, the Plan provides that each holder of an Allowed General Unsecured Claim will obtain, in the form of GUC Trust Units (as defined below), a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims (as defined in Note 2) or liquidation for the payment of the expenses or liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust.

The GUC Trust exists solely for the purpose of resolving claims, distributing New GM Securities and winding down the affairs of MLC, all in accordance with a plan of liquidation of MLC approved by the Bankruptcy Court. Accordingly, the GUC Trust has prepared the accompanying financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during the liquidation period, while liabilities continue to be recognized at the amount required by other U.S. GAAP, and are not remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during the liquidation period. Such costs are accrued when there is a reasonable basis for estimation. These estimates are periodically reviewed and adjusted as appropriate. The valuation of assets at net realizable value, reserves for residual wind-down claims and reserves for expected costs of liquidation represent estimates, based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described above, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). As Disputed General Unsecured Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities and GUC Trust Units pro rata by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims (as defined in Note 2) were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims. Rather, the beneficial interests of Trust Beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the accompanying financial statements.

The accompanying (a) condensed Statement of Net Assets in Liquidation at March 31, 2013, which has been derived from audited financial statements, and (b) the unaudited interim condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes required by U.S. GAAP for complete financial statements. The GUC Trust believes all adjustments, normal and recurring in nature, considered necessary for a fair presentation have been included. The changes in net assets in liquidation for the six months ended September 30, 2013, are not necessarily indicative of the changes in net assets that may be expected for the full year. The GUC Trust believes that, although the disclosures contained herein are adequate to prevent the information presented from being misleading, the accompanying interim condensed financial statements should be read in conjunction with the GUC Trust's financial statements for the year ended March 31, 2013, included in the Form 10-K filed by the GUC Trust with the Securities and Exchange Commission on May 21, 2013.

The preparation of condensed financial statements in conformity with U.S. GAAP requires the GUC Trust Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and are subject to change.

Changes to U.S. GAAP are made by the FASB in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification (ASC). The GUC Trust considers the applicability and impact of all ASU's. ASU's not noted herein were assessed and determined to be not applicable. In April 2013, the FASB issued ASU No. 2013-07, *Liquidation Basis of Accounting*, which amended the FASB ASC and provides guidance as to when an entity should apply the liquidation basis of accounting. In addition, the guidance provides principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. The provisions are effective for annual periods beginning after December 15, 2013, and interim periods therein. The GUC Trust does not expect the adoption of these provisions will have a material impact on its financial statements.

2. Plan of Liquidation

On March 31, 2011, the date the Plan became effective (the "Effective Date"), there were approximately \$29,771 million in Allowed General Unsecured Claims. In addition, as of the Effective Date, there were approximately \$8,154 million in disputed general unsecured claims which reflects liquidated disputed claims and a Bankruptcy Court ordered distribution reserve for unliquidated disputed claims ("Disputed General Unsecured Claims"), but does not reflect potential Term Loan Avoidance Action Claims. The total aggregate amount of general unsecured claims, both allowed and disputed, asserted against the Debtors, inclusive of the potential Term Loan Avoidance Action Claims, was approximately \$39,425 million as of the Effective Date.

Pursuant to the GUC Trust Agreement, holders of Disputed General Unsecured Claims become entitled to receive a distribution of New GM Securities from the GUC Trust if, and to the extent that, such Disputed General Unsecured Claims become Allowed General Unsecured Claims. Under the GUC Trust Agreement, the GUC Trust Administrator has the authority to file objections to such Disputed General Unsecured Claims and the Bankruptcy Court has extended the time by which the GUC Trust may object to Disputed General Unsecured Claims and Administrative Expenses as defined in the Plan to March 20, 2014 (which date may be further extended by application to the Bankruptcy Court). Such claims may be prosecuted through alternative dispute resolution proceedings, including mediation and arbitration ("ADR Proceedings"), if appropriate. The GUC Trust Administrator and its professionals are currently prosecuting multiple objections to Disputed General Unsecured Claims.

To the extent that all or a portion of a Disputed General Unsecured Claim is deemed invalid—or "disallowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed is not entitled to a distribution from the GUC Trust (subject to any appeal rights of the claimant). However, to the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being deemed valid—or "allowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is allowed will be considered an Allowed General Unsecured Claim and will be entitled to a distribution from the GUC Trust as if it were an Allowed General Unsecured Claim on the Effective Date (such claims, "Resolved Disputed Claims").

Only one Avoidance Action, captioned Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al., Adv. Pro. No.09-00504 (Bankr. S.D.N.Y. July 31, 2009) (the "Term Loan Avoidance Action"), was commenced prior to the statutory deadline for commencing such actions. The Term Loan Avoidance Action was commenced by the Official Committee of Unsecured Creditors of Motors Liquidation Company (the "Committee"), and seeks the return of approximately \$1.5 billion that had been transferred by the Debtors (with funds advanced after the commencement of the Chapter 11 Cases of the Debtors (as defined in Item 2 ("Management's Discussion and Analysis") under the heading "Glossary" below) by the United States Treasury and Export Development Canada (together, the "DIP Lenders")) to a consortium of prepetition lenders pursuant to the terms of the order of the Bankruptcy Court. On December 15, 2011, in accordance with the Plan, upon the dissolution of MLC, the Term Loan Avoidance Action was transferred to the Avoidance Action Trust (as defined below). To the extent that Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust (the "Avoidance Action Trust Administrator"), is successful in obtaining a judgment against the defendant(s) to the Term Loan Avoidance Action, Allowed General Unsecured Claims will arise in the amount of any transfers actually avoided (that is, disgorged) pursuant thereto (such general unsecured claims "Term Loan Avoidance Action Claims," and together with Resolved Disputed Claims, the "Resolved Allowed Claims").

It is still unclear whether any amounts actually avoided pursuant to the Term Loan Avoidance Action would be for the benefit of holders of Allowed General Unsecured Claims. The Committee has taken the position that (a) the DIP Lenders are not entitled to any proceeds of the Term Loan Avoidance Action and have no interests in the trust established for the action under the Plan (the "Avoidance Action Trust") and (b) the holders of Allowed General Unsecured Claims have the exclusive right to receive any and all proceeds of the Term Loan Avoidance Action, and are the exclusive beneficiaries of the Avoidance Action Trust with respect thereto.

Litigation with respect to these issues is ongoing, and the rights to any recoveries on the Term Loan Avoidance Action are still disputed. In no event, however, will any funds reclaimed from the pre-petition lenders be transferred to or otherwise benefit the GUC Trust or be distributed to holders of GUC Trust Units.

GUC Trust Distributable Assets

Pursuant to the terms of the Plan, the Bankruptcy Court authorized the distribution of 150 million shares of New GM Common Stock issued by New GM, warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$10.00 per share ("New GM Series A Warrants"), and warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at \$18.33 per share ("New GM Series B Warrants"), (such securities, "New GM Securities"). Record ownership of the New GM Securities was held by MLC for the benefit of the GUC Trust until the dissolution of MLC on December 15, 2011, at which time record ownership was transferred to the GUC Trust.

In addition, the agreement governing the sale of substantially all of the assets of the Debtors and related sale documentation together provide that, in the event that the Bankruptcy Court enters an order, or orders, that includes a finding that the estimated aggregate Allowed General Unsecured Claims against the Debtors exceed \$35 billion, New GM will be required to issue additional shares of New GM Common Stock for the benefit of the GUC Trust's beneficiaries (the "Additional Shares"). The number of Additional Shares to be issued will be equal to the number of such shares, rounded up to the next whole share, calculated by multiplying (i) 30 million shares (adjusted to take into account any stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, reorganization or similar transaction with respect to such New GM Common Stock from and after the closing of such sale and before issuance of the Additional Shares) and (ii) a fraction, (A) the numerator of which is the amount by which Allowed General Unsecured Claims exceed \$35 billion (such excess amount being capped at \$7 billion) and (B) the denominator of which is \$7 billion. No Additional Shares have been issued.

Funding for GUC Trust Costs of Liquidation

The GUC Trust has incurred and will continue to incur certain costs to liquidate the trust assets and implement the Plan. On or about the Effective Date, pursuant to the Plan, MLC contributed approximately \$52.7 million to the GUC Trust to be held and maintained by the GUC Trust Administrator (the "GUC Trust Administrative Fund") primarily for the purpose of paying certain fees and expenses incurred by the GUC Trust (including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for professionals retained by the GUC Trust), other than the Reporting Costs, as defined below ("Wind-Down Costs"). Cash or investments from the GUC Trust Administrative Fund, if any, which remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders. As of September 30, 2013, the remaining GUC Trust Administrative Fund aggregated \$15.6 million. Of that amount, approximately \$7.0 million has been separately designated for the satisfaction of costs relating to GUC Trust governance and services provided by GUC Trust professionals (other than Reporting Costs (as defined below)), which funds must be exhausted prior to the use of any Other GUC Trust Administrative Cash (as defined below) for such purposes.

The GUC Trust Agreement authorized the GUC Trust to liquidate a designated initial amount of New GM Securities (the "Initial Reporting Cash") shortly after the Effective Date for the purposes of funding certain fees and expenses of the GUC Trust (the "Reporting Costs"), including those directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission, (ii) the transfer, registration for transfer and certification of GUC Trust Units, and (iii) the application by the Committee (as defined below) to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities. The GUC Trust Agreement provides that the GUC Trust Administrative Fund may not be utilized to satisfy any Reporting Costs.

The GUC Trust Agreement provides that, if the GUC Trust Administrator determines that the GUC Trust Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs or the Initial Reporting Cash is not sufficient to satisfy the current or projected Reporting Costs, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to set aside New GM Securities from distribution for these purposes. The GUC Trust Administrator may then liquidate such "set aside" New GM Securities to fund the Wind-Down Costs and/or Reporting Costs with the required approval of the Bankruptcy Court. New GM Securities that are set aside and/or sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale will be classified as "Other GUC Trust Administrative Cash" under the GUC Trust Agreement. Although any such liquidation of set aside New GM Securities will be reflected in the financial statements of the GUC Trust at the

time of liquidation, the setting aside of New GM Securities itself is not reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. Separate from this process of setting aside New GM Securities to satisfy unfunded projected costs and expenses of the GUC Trust, as a matter of financial reporting, the GUC Trust records a reserve in its Statement of Net Assets in Liquidation (the source of funding of which is not addressed therein) for all expected costs of liquidation for which there is a reasonable basis for estimation. For this reason, among others, there is not a direct relationship between the amount of such reserve reflected in the Statement of Net Assets in Liquidation and the value of any New GM Securities that are set aside for current or projected costs and expenses of the GUC Trust. Adjustments to the Reserve for Expected Costs of Liquidation as reported in the Statement of Net Assets in Liquidation are recorded only when there is a reasonable basis for estimation of the expected incurrence of additional costs. For more information regarding the Reserves for Expected Costs of Liquidation reflected in the Statement of Net Assets in Liquidation, see Note 7.

The Bankruptcy Court previously approved in March, 2012, and December, 2012, the sale of New GM Securities to fund the then current and projected costs and expenses of the GUC Trust. The March, 2012, Bankruptcy Court order also authorized the sale of further New GM Securities for the purpose of funding certain fees, costs and expenses of the Avoidance Action Trust (as described below under the heading “—Funding for Avoidance Action Trust”).

Through March 31, 2013, sales of New GM Securities to fund projected Reporting Costs and Wind-Down Costs through calendar year 2013 aggregated approximately \$50.2 million, including the Initial Reporting Cash (which amounts comprised part of the GUC Trust’s Other GUC Trust Administrative Cash). Such securities sold aggregated 902,228 shares of New GM Common Stock, 820,205 New GM Series A Warrants and 820,205 New GM Series B Warrants. There have been no subsequent sales of securities to fund Wind-Down Costs and Reporting Costs.

To the extent that any of the Other GUC Trust Administrative Cash is not ultimately required and is held by the GUC Trust at the time of its dissolution, such remaining Other GUC Trust Administrative Cash will be distributed by the GUC Trust to holders of the GUC Trust Units.

As of September 30, 2013, New GM Securities with an aggregate fair market value as of that date of \$67.8 million have been set aside for projected GUC Trust fees, costs and expenses to be incurred beyond December 31, 2013. Accordingly, such New GM Securities are currently not available for distribution to the beneficiaries of the GUC Trust Units.

Funding for Potential Tax Liabilities

The GUC Trust is subject to U.S. federal income tax on realized gains from the disposition of shares of New GM Common Stock and New GM Warrants, record ownership of which was transferred by MLC to the GUC Trust on December 15, 2011 (such taxes, “Taxes on Distribution”). The GUC Trust Agreement provides that the GUC Trust Administrative Fund may not be utilized to satisfy any Taxes on Distribution. As such, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to set aside from distribution certain numbers of New GM Securities, the liquidated proceeds of which would be sufficient to satisfy any current or projected Taxes on Distribution. The GUC Trust Administrator may then liquidate such “set aside” New GM Securities to fund the Taxes on Distribution, with the approval of the GUC Trust Monitor, but without the necessity of obtaining approval of the Bankruptcy Court. New GM Securities that are set aside and subsequently sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale will be classified as “Other GUC Trust Administrative Cash” under the GUC Trust Agreement. Although any such sale of set aside New GM Securities will be reflected in the financial statements of the GUC Trust in the period of sale, the setting aside of New GM Securities itself is not reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust.

During the three months ended September 30, 2013, the GUC Trust Administrator reviewed the current and potential Taxes on Distribution. As a result of such review, the GUC Trust Administrator determined that it was appropriate to set aside New GM Securities with an aggregate fair market value (as of September 30, 2013) of \$572.7 million for potential Taxes on Distribution. Such set aside was based on (1) the GUC Trust’s method for calculating potential gains on distributions or sales of New GM Securities (reduced by current period and carryforward net operating losses and future deductible expenses at September 30, 2013) and (2) the GUC Trust’s method for converting the potential tax liability to the number of securities to be set aside according to the revised method described in Item 2, “Management’s Discussion and Analysis” under the heading “Net Assets in Liquidation – Distributable Assets – Revisions to “Set Aside” Calculations Relating to Potential Income Tax Liabilities”. Accordingly, such New GM Securities are not currently available for distribution to the beneficiaries of GUC Trust Units. The GUC Trust Administrator intends to continue to reevaluate the numbers of New GM Securities set aside on a quarterly basis.

Using the value of the New GM Securities on the date of transfer of record ownership of the New GM Securities from MLC to the GUC Trust (December 15, 2011) for purposes of determining the tax basis of such securities, the New GM Securities still held at September 30, 2013, have a tax basis as follows: \$19.87 per share of New GM Common Stock, \$11.38 per warrant for the New GM Series A Warrants and \$7.88 per warrant for the New GM Series B Warrants. Such tax basis has been used to determine the taxable

gain or loss on the disposition of New GM Securities since their transfer including when filing the GUC Trust's U.S. federal income tax return for the year ended March 31, 2012. As described in Note 8, certain U.S. federal income tax returns of MLC are currently under audit by the Internal Revenue Service. In connection therewith, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011. Such new tax position will result in an increase in the tax basis of the New GM Securities and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals as of September 30, 2013, that it is more likely than not that the new tax position in the amounts to be reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service based on the technical merits of the position. Accordingly, the net deferred tax liability at September 30, 2013, in the accompanying financial statements has been reduced by \$411.6 million (compared to the balance that would have been recorded at September 30, 2013, if the tax basis were determined on the date of transfer of record ownership on December 15, 2011, for all New GM Securities) and a corresponding tax benefit related to the new tax position has been recognized in the GUC Trust's financial statements for the respective three and six month periods ended September 30, 2013. The new tax position, however, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. By contrast, in the "set aside" of New GM Securities for potential Taxes on Distributions, the increase in the tax basis of the New GM Securities resulting from the new tax position will not be reflected until the new tax position has been sustained on examination by the Internal Revenue Service.

Funding for Avoidance Action Trust

Based on an analysis of the Avoidance Action Trust and its potential funding sources, the GUC Trust Administrator, in conjunction with the Avoidance Action Trust Administrator, determined that it would be in the best interest of the holders of Allowed General Unsecured Claims to fund certain fees, costs and expenses of the Avoidance Action Trust, subject to approval of the Bankruptcy Court. In March 2012, the Bankruptcy Court approved the sale of New GM Securities aggregating approximately \$13.7 million and the transfer of the sales proceeds to the Avoidance Action Trust for such funding. The sale occurred in March 2012 comprising 269,422 shares of New GM Common Stock, 244,929 New GM Series A Warrants and 244,929 New GM Series B Warrants. The sales proceeds were held by the GUC Trust at March 31, 2012, pending receipt of written confirmation from the Internal Revenue Service that the transfer of such sale proceeds would not affect its prior rulings regarding the tax characterization of (i) the 2009 section 363 sale by MLC and MLC's subsequent liquidation and (ii) the GUC Trust as a "disputed ownership fund" within the meaning of Treasury Regulation section 1.468B-9. Such sale proceeds were transferred to the Avoidance Action Trust in May 2012 following receipt of such written confirmation.

Residual Wind-Down Claims and Costs

Upon the dissolution of the Debtors, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining disputed administrative expenses, priority tax claims, priority non-tax claims and secured claims (the "Residual Wind-Down Claims"). On December 15, 2011, under the Plan, the Debtors transferred to the GUC Trust an amount of cash necessary (the "Residual Wind-Down Assets") to satisfy the ultimate allowed amount of such Residual Wind-Down Claims (including certain litigation defense costs related to the Term Loan Avoidance Action (the "Avoidance Action Defense Costs")), as estimated by the Debtors, and the costs, fees and expenses relating to satisfying and resolving the Residual Wind-Down Claims (the "Residual Wind-Down Costs"). The Residual Wind-Down Assets initially aggregated approximately \$42.8 million (which amount consisted of approximately \$40.0 million in cash, including approximately \$1.4 million for the payment of Avoidance Action Defense Costs, and the transferred benefit of approximately \$2.8 million in prepaid expenses). Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If at any time the GUC Trust Administrator determines that the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims (including the actual amount of Avoidance Action Defense Costs) and Residual Wind-Down Costs, such costs will be satisfied by Other GUC Trust Administrative Cash. If there is no remaining Other GUC Trust Administrative Cash, the GUC Trust Administrator is authorized to, with GUC Trust Monitor approval, set aside and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. To the extent that New GM Securities are set aside and sold to obtain funding to complete the wind-down of the Debtors, such securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution. Although any such sale of set aside New GM Securities would be reflected in the financial statements of the GUC Trust in the period of sale, the setting aside of New GM Securities itself would not be reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust.

After the GUC Trust has concluded its affairs, any funds remaining that were obtained from the sale of New GM Securities to fund the wind-down process or the resolution and satisfaction of the Residual Wind-Down Claims will be distributed to the holders of the GUC Trust Units. If the actual amount of Avoidance Action Defense Costs exceeds the corresponding cash of \$1.4 million received by the GUC Trust from MLC on the Dissolution Date, a new Residual Wind-Down Claim will arise in the amount of such shortfall, to be paid from the other remaining Residual Wind-Down Assets and, following the depletion of such assets, Other Administrative Cash or the sale of New GM Securities. As of September 30, 2013, \$31.7 million in Residual Wind-Down Assets were held by the GUC Trust

(including \$0.7 million of the original \$1.4 million earmarked for Avoidance Action Defense Costs), which are recorded in cash and cash equivalents and marketable securities in the accompanying Condensed Statement of Net Assets in Liquidation (liquidation basis) as of September 30, 2013. By comparison, there were approximately \$12.8 million in Residual Wind-Down Claims against such assets as of September 30, 2013, subject to increase to the extent that new Residual Wind-Down Claims may arise.

In addition to the Residual Wind-Down Assets, the GUC Trust also received on the Dissolution Date approximately \$3.4 million in cash from MLC for the purposes of funding (1) certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC, or the Indenture Trustee / Fiscal and Paying Agent Costs, and (2) Reporting Costs. The funds received were credited to the reserve for expected costs of liquidation. Any unused portion of the funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs of \$1.4 million must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. As of September 30, 2013, funds designated for the Indenture Trustee / Fiscal and Paying Agents Costs held by the GUC Trust approximated \$494,000 and are recorded in cash and cash equivalents and marketable securities in the accompanying Condensed Statement of Net Assets in Liquidation (liquidation basis) as of September 30, 2013.

3. Net Assets in Liquidation

Description

Under the GUC Trust Agreement and the Plan, as described more fully in Note 1, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). Certain assets of the GUC Trust are set aside for funding the projected costs of liquidation and potential tax liabilities and are currently not available to the Trust Beneficiaries. Other assets of the GUC Trust, primarily Holdings of New GM Securities, as described in Notes 1 and 5, are available to be distributed to the Trust Beneficiaries ("GUC Trust Distributable Assets") in accordance with the Plan. The amounts of net assets in liquidation presented in the accompanying Condensed Statements of Net Assets in Liquidation (liquidation basis) at September 30, 2013, and March 31, 2013, correspond to the amounts of GUC Trust Distributable Assets as of September 30, 2013, and March 31, 2013.

Trust Units

As described in Note 1, each holder of an Allowed General Unsecured Claim will retain a contingent right to receive, on a pro rata basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such shares of New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims or liquidation for the payment of the expenses or tax liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust. The GUC Trust issues units representing such contingent rights ("GUC Trust Units") at the rate of one GUC Trust Unit per \$1,000 of Allowed General Unsecured Claims to each holder of an Allowed General Unsecured Claim, subject to rounding pursuant to the GUC Trust Agreement, in connection with the initial recognition of each Allowed General Unsecured Claim.

The GUC Trust makes quarterly liquidating distributions to holders of GUC Trust Units to the extent that certain previously Disputed General Unsecured Claims asserted against the Debtors' estates are either disallowed or are otherwise resolved favorably to the GUC Trust (thereby reducing the amount of GUC Trust assets set aside for distribution in respect of such asserted claims) and the amount of Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) as of the end of the relevant quarter exceeds thresholds set forth in the GUC Trust Agreement.

The following presents the changes during the three months ended September 30, 2013, in the numbers of GUC Trust Units outstanding or which the GUC Trust was obligated to issue:

	Trust Units
Outstanding or issuable at June 30, 2013	30,282,801
Issued during the period	55,487
Less: Issuable at beginning of period	(55,487)
Add: Issuable at end of period	10,575
Outstanding or issuable at September 30, 2013	30,293,376

Allowed and Disputed Claims

The total cumulative pro rata liquidating distributions ultimately received by Trust Beneficiaries are dependent upon the current amount of Allowed General Unsecured Claims and final resolution of outstanding Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims (as described in Note 2). Disputed General Unsecured Claims at September 30, 2013, reflect

claim amounts at their originally filed amounts, a court ordered distribution “set aside” for certain claims filed without a claim amount and other adjustments as ordered by the court or permitted by the Plan. The Disputed General Unsecured Claims may settle at amounts that differ significantly from these amounts and at amounts that differ significantly from the historical pattern at which claims have been settled and allowed in proportion to claims resolved and disallowed. As described in Note 1, prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims. Liquidating distributions payable are recorded (at the fair value of New GM Securities to be distributed) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence.

The following table presents a summary of the Allowed and Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims for the three months ended September 30, 2013:

(in thousands)	Allowed General Unsecured Claims	Disputed General Unsecured Claims	Term Loan Avoidance Action Claims	Maximum Amount of Unresolved Claims (1)	Total Claim Amount (2)
Total, June 30, 2013	\$ 30,282,730	\$ 3,404,166	\$1,500,000	\$4,904,166	\$35,186,896
New Allowed General Unsecured Claims	10,575	—	—	—	10,575
Disputed General Unsecured Claims resolved or disallowed	—	(212,773)	—	(212,773)	(212,773)
Total, September 30, 2013	<u>\$ 30,293,305</u>	<u>\$ 3,191,393</u>	<u>\$1,500,000</u>	<u>\$4,691,393</u>	<u>\$34,984,698</u>

- (1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.
- (2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

Of the Disputed General Unsecured Claims aggregating \$3.19 billion as of September 30, 2013, in the table above, approximately \$2.68 billion relates to litigation by the GUC Trust (as defined in Item 2 (“Management’s Discussion and Analysis”) under the heading “Glossary” below, the “Nova Scotia Matter”) to disallow, equitably subordinate or reduce the following claims in the Chapter 11 Cases of the Debtors: (i) claims aggregating \$1.073 billion asserted by or on behalf of holders of notes (the “Nova Scotia Notes”) issued in 2003 by General Motors Nova Scotia Finance Company, a Nova Scotia unlimited liability company and then a subsidiary of MLC (“Nova Scotia Finance”), and guaranteed by MLC (collectively, the “Guarantee Claims”), and (ii) the claim of approximately \$1.61 billion filed by the bankruptcy trustee for Nova Scotia Finance (the “Wind-Up Claim” and, collectively with the Guarantee Claims, the “Disputed Nova Scotia Claims”). In addition, the GUC Trust has determined that, as of September 30, 2013, approximately \$378 million of the aggregate \$3.19 billion of Disputed General Unsecured Claims relates to claims filed directly by former beneficial owners of notes previously issued or guaranteed by the Debtors, for which proofs of claim have otherwise been filed indirectly on behalf of such beneficial owners as members of a broader class (the “Duplicative Claims”). Accordingly, of the Disputed General Unsecured Claims aggregating \$3.19 billion as of September 30, 2013, only approximately \$134 million are associated with matters other than the Nova Scotia Matter and will remain outstanding if and when the Settlement Agreement described below becomes effective.

On September 26, 2013, the GUC Trust entered into a settlement agreement (the “Settlement Agreement”) relating to the Nova Scotia Matter. The Settlement Agreement provides for, among other things, (i) the allowance of a \$1.073 billion Allowed General Unsecured Claim in favor of the holders of Nova Scotia Notes in respect of the Guarantee Claims, (ii) the reduction to \$477 million and allowance as so reduced of the Wind-Up Claim, and (iii) the disallowance of all of the Duplicative Claims. The Settlement Agreement is subject, among other things, to the receipt of final, non-appealable approvals of its terms by each of the Bankruptcy Court and the Supreme Court of Nova Scotia, a process which is currently ongoing with respect to the Supreme Court of Nova Scotia. As a result, the effects of the Settlement Agreement have not been reflected in the accompanying financial statements and the Guarantee Claims, the Wind-Up Claim and the Duplicative Claims are all still reflected as Disputed General Unsecured Claims in the foregoing table pending the receipt of such approvals. For additional information regarding the Nova Scotia Matter and the related Settlement Agreement, see the disclosure in Item 1 (“Legal Proceedings”) in Part II of this Form 10-Q.

4. Liquidating Distributions

Liquidating distributions during the three months ended September 30, 2013, consisted of the following:

(in thousands)	Fair Value
Distributions during the three months ended September 30, 2013	\$ 6,484
Less: Liquidating distributions payable at June 30, 2013	(25,046)
Add: Liquidating distributions payable at September 30, 2013	100,447
Total	<u>\$ 81,885</u>

Liquidating distributions during the six months ended September 30, 2013, consisted of the following:

(in thousands)	Fair Value
Distributions during the six months ended September 30, 2013	\$ 16,916
Less: Liquidating distributions payable at March 31, 2013	(16,555)
Add: Liquidating distributions payable at September 30, 2013	100,447
Total	<u>\$100,808</u>

The distributions during the respective three and six month periods ended September 30, 2013, consisted of distributions to (1) holders of Resolved Disputed Claims and (2) holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements.

The GUC Trust was obligated at September 30, 2013, to distribute 1,306,105 shares of New GM Stock, 1,187,320 of New GM Series A Warrants, and 1,187,320 of New GM Series B Warrants in the aggregate to the following: (1) holders of Resolved Disputed Claims, (2) certain holders of Allowed General Unsecured Claims who had not then satisfied certain informational requirements necessary to receive these securities and (3) holders of GUC Trust Units. In addition, as of September 30, 2013, cash of approximately \$13,000 was then distributable to governmental entities which are precluded by applicable law from receiving distributions of New GM Securities and for distributions in lieu of fractional shares and warrants.

As described in Note 3, the GUC Trust entered into a Settlement Agreement relating to the Nova Scotia Matter on September 26, 2013. Such Settlement Agreement provides for, among other things, (i) the reduction of certain Disputed General Unsecured Claims relating to the Nova Scotia Matter and the allowance of such claims as Allowed General Unsecured Claims (the "Settlement Claims Allowance"), (ii) a liquidating distribution to the holders of the Allowed General Unsecured Claims resulting from the Settlement Claims Allowance, in the aggregate amounts of 6,174,015 shares of New GM Common Stock, 5,612,741 New GM Series A Warrants, 5,612,741 New GM Series B Warrants and 1,550,000 GUC Trust Units as set forth in the Settlement Agreement (the "Settlement Distribution"), and (iii) a liquidating distribution of Excess GUC Trust Distributable Assets to holders of the GUC Trust Units (the "Special Excess Distribution"), at a time and in amounts to be determined following the Settlement Distribution in accordance with the terms of the Settlement Agreement. The Settlement Agreement is subject, among other things, to the receipt of final, non-appealable approvals of its terms by each of the Bankruptcy Court and the Supreme Court of Nova Scotia, a process which is currently ongoing with respect to the Supreme Court of Nova Scotia. For additional information regarding the Nova Scotia Matter and the related Settlement Agreement, see the disclosure in Item 1 ("Legal Proceedings") in Part II of this Form 10-Q.

If and when the Settlement Agreement becomes effective, Allowed General Unsecured Claims aggregating \$1.55 billion will arise due to the Settlement Claims Allowance. Had the Settlement Agreement been effective as of September 30, 2013, additional liquidating distributions payable of \$474.8 million would have been recorded for such Allowed General Unsecured Claims, based on the closing prices as of September 30, 2013, of New GM Securities to be distributed. If and when the Settlement Agreement becomes effective, however, liquidating distributions will be recorded using the closing prices of the New GM Securities on the date of the Settlement Distribution, which may differ from such prices as of September 30, 2013. The Settlement Agreement separately provides for a subsequent Special Excess Distribution to be made, the specific timing and amounts of which will be determined following the completion of the Settlement Distribution.

The table below presents pro forma net assets in liquidation at September 30, 2013, and pro forma increase (decrease) in net assets in liquidation for the respective three and six month periods ended September 30, 2013, as if the Settlement Agreement became effective as of September 30, 2013, giving effect to the Settlement Claims Allowance only (assuming the market price of the New GM Securities as of September 30, 2013), and not giving effect to any Special Excess Distribution (the specific terms of which are not yet known).

(in thousands)	Net assets in liquidation	Net increase (decrease) in net assets in liquidation	
	September 30, 2013	Three months ended September 30, 2013	Six months ended September 30, 2013
As reported	\$ 2,077,458	\$ 452,741	\$ 687,277
Pro forma adjustment – additional liquidating distributions payable due to Settlement Allowance only	(474,765)	(474,765)	(474,765)
Pro forma as adjusted	<u>\$ 1,602,693</u>	<u>\$ (22,024)</u>	<u>\$ 212,512</u>

5. Holdings of New GM Securities

At September 30, 2013, the Holdings of New GM Securities, at fair value, consisted of the following:

	Number	Fair Value (in thousands)
New GM Common Stock	28,476,244	\$ 1,024,290
New GM Series A Warrants	25,887,311	683,943
New GM Series B Warrants	25,887,311	481,504
Total		<u>\$ 2,189,737</u>

As described in Note 4, as of September 30, 2013, the GUC Trust had accrued liquidating distributions payable aggregating \$100.4 million in respect of both New GM Securities and cash of \$13,000 then distributable. As a result, the numbers of New GM Securities reflected above include shares and warrants for which liquidating distributions were then pending. As of September 30, 2013, these securities for which distributions were then pending aggregated 1,306,105 shares of New GM Common Stock, 1,187,320 Series A Warrants and 1,187,320 Series B Warrants.

As of September 30, 2013, the number of common stock shares and warrants in the table above also includes New GM Securities aggregating \$67.8 million set aside to fund projected GUC Trust fees, costs and expenses to be incurred beyond 2013 and \$572.7 million of New GM Securities set aside to fund potential Taxes on Distribution. As a result, as of September 30, 2013, the numbers of New GM Securities in the table above include an aggregate of 8,329,297 shares of New GM Common Stock, 7,572,064 New GM Series A Warrants, and 7,572,064 New GM Series B Warrants which have been so set aside.

Set forth below are the aggregate number and fair value of all such shares and warrants which are pending distribution or are set aside, and are not available for distribution at September 30, 2013.

	Number	Fair Value (in thousands)
New GM Common Stock	9,635,402	\$ 346,585
New GM Series A Warrants	8,759,384	231,423
New GM Series B Warrants	8,759,384	162,925
Total		<u>\$ 740,933</u>

As described in Note 4, the Settlement Agreement relating to the Nova Scotia Matter entered into by the GUC Trust on September 26, 2013, provides for a Settlement Distribution of 6,174,015 shares of New GM Common Stock, 5,612,741 New GM Series A Warrants, 5,612,741 New GM Series B Warrants, and 1,550,000 GUC Trust Units in the aggregate, to the holders of the Allowed General Unsecured Claims resulting from the Settlement Claims Allowance, as well as a subsequent Special Excess Distribution to holders of the GUC Trust Units, in each case as set forth in the Settlement Agreement if and when such Settlement Agreement becomes effective. The Settlement Agreement is subject, among other things, to the receipt of final, non-appealable approvals of its terms by each of the Bankruptcy Court and the Supreme Court of Nova Scotia, a process which is currently ongoing with respect to the Supreme Court of Nova Scotia. As a result, the effects of the Settlement Agreement, including the Settlement Claims Allowance, the Settlement Distribution and any Special Excess Distribution, have not been reflected in the accompanying financial statements or in the tables set forth above of Holdings of

New GM Securities or New GM Securities pending distribution or set aside as of September 30, 2013. For additional information regarding the Nova Scotia Matter and the Settlement Agreement, see the disclosure in Item 1 (“Legal Proceedings”) in Part II of this Form 10-Q.

6. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The Trust’s Marketable Securities, Holdings of New GM Securities and Liquidating Distributions Payable are presented as provided by this hierarchy.

Level 1—In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets and liabilities that the GUC Trust has the ability to access.

Level 2—Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3—Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The GUC Trust had no assets or liabilities that are measured with Level 3 inputs at September 30, 2013 and March 31, 2013.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The GUC Trust’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The GUC Trust also holds other financial instruments not measured at fair value on a recurring basis, including Accounts Payable and Other Liabilities. The fair value of these liabilities approximates the carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

The following table presents information about the GUC Trust's assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and March 31, 2013, and the valuation techniques used by the GUC Trust to determine those fair values.

(in thousands)	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 32,913	\$ —	\$ —	\$ 32,913
Marketable Securities:				
Municipal commercial paper and demand notes	—	18,349	—	18,349
Corporate commercial paper	—	12,086	—	12,086
Holdings of New GM Securities				
New GM Common Stock	1,024,290	—	—	1,024,290
New GM Warrants	1,165,447	—	—	1,165,447
Total Assets	<u>\$2,222,650</u>	<u>\$30,435</u>	<u>\$ —</u>	<u>\$2,253,085</u>
Liabilities:				
Liquidating distributions payable	<u>\$ 100,447</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 100,447</u>

(in thousands)	March 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 354	\$ —	\$ —	\$ 354
Marketable Securities:				
Municipal commercial paper and demand notes	—	61,006	—	61,006
Corporate commercial paper	—	15,790	—	15,790
Holdings of New GM Securities				
New GM Common Stock	798,848	—	—	798,848
New GM Warrants	792,262	—	—	792,262
Total Assets	<u>\$1,591,464</u>	<u>\$76,796</u>	<u>\$ —</u>	<u>\$1,668,260</u>
Liabilities:				
Liquidating distributions payable	<u>\$ 16,555</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,555</u>

The following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value:

- Due to its short-term, liquid nature, the fair value of cash equivalents approximates its carrying value.
- Holdings of New GM Securities are valued at closing prices reported on the active market on which the securities are traded.
- Marketable securities include municipal commercial paper and variable demand notes and corporate commercial paper. Municipal variable demand notes trade daily at par value and, therefore, their fair value is equal to par value. Due to their short term maturities, the fair value of municipal and corporate commercial paper approximates their carrying value.
- Liquidating distributions payable are valued at closing prices of New GM Securities reported on the active market on which the securities are traded.

The GUC Trust's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no such transfers during the three or six months ended September 30, 2013 and 2012.

7. Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims

The following is a summary of the activity in the reserves for expected costs of liquidation for the respective three and six month periods ended September 30, 2013 and 2012:

	Three months ended September 30, 2013					
	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
(in thousands)						
Balance, June 30, 2013	\$ 33,594	\$ 17,362	\$ 491	\$ 760	\$ 1,394	\$ 53,601
Less reductions in reserves	(4,204)	(2,327)	—	—	—	(6,531)
Less liquidation costs incurred (net of reversals):						
Trust Professionals	(1,878)	(268)	—	(172)	(109)	(2,427)
Trust Governance	(1,031)	(452)	3	—	—	(1,480)
Other Administrative Expenses	(13)	(43)	—	—	—	(56)
Balance, September 30, 2013	<u>\$ 26,468</u>	<u>\$ 14,272</u>	<u>\$ 494</u>	<u>\$ 588</u>	<u>\$ 1,285</u>	<u>\$ 43,107</u>

	Six months ended September 30, 2013					
	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
(in thousands)						
Balance, March 31, 2013	\$ 38,043	\$ 20,442	\$ 499	\$ 898	\$ 1,631	\$ 61,513
Less reductions in reserves	(4,063)	(4,146)	—	—	—	(8,209)
Less liquidation costs incurred:						
Trust Professionals	(5,482)	(953)	—	(310)	(346)	(7,091)
Trust Governance	(2,004)	(901)	(5)	—	—	(2,910)
Other Administrative Expenses	(26)	(170)	—	—	—	(196)
Balance, September 30, 2013	<u>\$ 26,468</u>	<u>\$ 14,272</u>	<u>\$ 494</u>	<u>\$ 588</u>	<u>\$ 1,285</u>	<u>\$ 43,107</u>

	Three months ended September 30, 2012					
	Reserve for Expected Wind Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind Down Costs	Total Reserves for Expected Costs of Liquidation
(in thousands)						
Balance, June 30, 2012	\$ 45,934	\$ 15,239	\$ 651	\$ 1,240	\$ 3,240	\$ 66,304
Plus additions to reserves	4,265	413	—	—	—	4,678
Less liquidation costs incurred:						
Trust Professionals	(5,848)	(517)	—	(145)	(1,102)	(7,612)
Trust Governance	(1,077)	(465)	(79)	—	—	(1,621)
Other Administrative Expenses	(13)	(73)	—	—	—	(86)
Balance, September 30, 2012	<u>\$ 43,261</u>	<u>\$ 14,597</u>	<u>\$ 572</u>	<u>\$ 1,095</u>	<u>\$ 2,138</u>	<u>\$ 61,663</u>

(in thousands)	Six months ended September 30, 2012					
	Reserve for Expected Wind Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, March 31, 2012	\$ 56,815	\$ 13,320	\$ 647	\$ 1,280	\$ 4,049	\$ 76,111
Plus additions to reserves	1,024	4,374	—	—	—	5,398
Less liquidation costs incurred:						
Trust Professionals	(12,339)	(2,056)	—	(185)	(1,901)	(16,481)
Trust Governance	(2,206)	(932)	(75)	—	—	(3,213)
Other Administrative Expenses	(33)	(109)	—	—	(10)	(152)
Balance, September 30, 2012	<u>\$ 43,261</u>	<u>\$ 14,597</u>	<u>\$ 572</u>	<u>\$ 1,095</u>	<u>\$ 2,138</u>	<u>\$ 61,663</u>

During the three months ended September 30, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs (for which there is a reasonable basis for estimation) decreased by \$4.2 million and \$2.3 million, respectively. During the six months ended September 30, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs each decreased by \$4.1 million. During the three months ended September 30, 2012, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs increased by \$4.3 million and \$0.4 million, respectively. During the six months ended September 30, 2012, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs increased by \$1.0 million and \$4.4 million, respectively. Such revisions in the estimates were recorded as additions to (reductions in) the reserves for expected costs of liquidation in such periods. The GUC Trust has recorded reserves for expected costs of liquidation that represent amounts expected to be incurred over the estimated remaining liquidation period of the GUC Trust for which there was a reasonable basis for estimation as of September 30, 2013. The amount of liquidation costs that will ultimately be incurred depends both on that time period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of September 30, 2013, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 31, 2016, which has been estimated on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. The remaining liquidation period is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the three months ended September 30, 2013 and 2012:

(in thousands)	2013	2012
Balance, beginning of period	\$29,692	\$31,115
Less claims allowed during the period	(255)	(142)
Balance, end of period	<u>\$29,437</u>	<u>\$30,973</u>

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the six months ended September 30, 2013 and 2012:

(in thousands)	2013	2012
Balance, beginning of period	\$30,855	\$32,247
Less claims allowed during the period	(1,418)	(1,274)
Balance, end of period	<u>\$29,437</u>	<u>\$30,973</u>

8. Income Tax Benefit (Provision)

The income tax benefit (provision) in the Condensed Statement of Changes in Net Assets in Liquidation for the respective three and six month periods ended September 30, 2013, was determined by computing the current and deferred tax provisions for the interim periods using the GUC Trust's statutory tax rate of 39.6% that became effective on April 1, 2013. The GUC Trust's statutory rate of

35% previously in effect was utilized for the respective three and six month periods ended September 30, 2012. An annual effective tax rate is not determinable because the GUC Trust's only significant source of income is gains on distributions of New GM Securities, which are not determinable until realized.

The components of the income tax benefit (provision) in the Condensed Statements of Changes in Net Assets in Liquidation for the respective three and six month periods ended September 30, 2013 and 2012, are as follows:

(in thousands)	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Current	\$ —	\$ —	\$ —	\$ —
Deferred	331,015	(20,318)	164,845	88,265
Total	<u>\$ 331,015</u>	<u>\$ (20,318)</u>	<u>\$ 164,845</u>	<u>\$ 88,265</u>

Deferred taxes in the accompanying Condensed Statement of Net Assets in Liquidation at September 30, 2013, are comprised of the following components:

Deferred tax assets:	
Reserves for expected costs of liquidation	\$ 14,694
Net operating losses	226,419
Total deferred tax assets before valuation allowance	241,113
Less: Valuation allowance	(103,867)
Net deferred tax assets	137,246
Deferred tax liabilities:	
Fair value in excess of tax basis of holdings of New GM Securities	(137,246)
Total deferred tax liability	(137,246)
Net deferred tax liability	<u>\$ —</u>

As previously disclosed in the GUC Trust's Form 10-Q for the quarter ended June 30, 2013, certain U.S. federal income tax returns of MLC are currently under audit by the Internal Revenue Service. In connection therewith, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date. Such new tax position will result in an increase in the tax basis of the New GM Securities and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. A tax benefit of \$411.6 million (net of establishment of a valuation allowance against deferred tax assets of \$103.9 million) related to the new tax position has been recognized in the accompanying financial statements for the respective three and six month periods ended September 30, 2013, because the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals as of September 30, 2013, that it is more likely than not that the new tax position in the amounts to be reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Such new tax position, however, as of the date hereof, has not been sustained on examination by the Internal Revenue Service.

The valuation allowance against deferred tax assets referred to above of \$103.9 million was provided during the respective three and six month periods ended September 30, 2013, due to uncertainty as to whether the deferred tax assets are realizable. Realization of the deferred tax assets is solely dependent upon the generation of taxable gains upon the distribution or sale of New GM Securities in the future, which is not determinable prior to occurrence.

During the three months ended September 30, 2012, the valuation allowance of \$49.2 million established during the previous quarter was reversed due to anticipated taxable gains exceeding deductible items as a result of the increase in the fair value of the New GM Securities during the three months ended September 30, 2012.

9. Related Party Transactions

In addition to serving as GUC Trust Administrator, Wilmington Trust Company continues to serve as trustee pursuant to the indentures for certain series of previously outstanding debt of MLC. Wilmington Trust Company has received and may continue to receive certain customary fees in amounts consistent with Wilmington Trust Company's standard rates for such service. The Bankruptcy Court previously approved the creation of a segregated fund for the purposes of funding such fees for Wilmington Trust Company, as well as the other indenture trustees and fiscal and paying agents for previously outstanding debt of MLC. There were no such fees for Wilmington Trust Company during the respective three and six month periods ended September 30, 2013 and 2012.

In addition, Wilmington Trust Company has also entered into certain arrangements with the GUC Trust pursuant to which it or its affiliates have previously received, and may in the future receive, reasonable and customary fees and commissions for services other than services in the capacity of GUC Trust Administrator. Such arrangements include the provision of custodial, investment advisory and brokerage services to the GUC Trust. The fees and commissions charged by Wilmington Trust Company and its affiliates pursuant to these arrangements are consistent with the standard fees and commissions charged by Wilmington Trust Company to unrelated third-parties in negotiated transactions. During the respective three and six month periods ended September 30, 2013, the total amount of such fees and commissions was approximately \$19,000 and \$37,000, respectively. During the respective three and six month periods ended September 30, 2012, the total amount of such fees and commissions was approximately \$29,000 and \$64,000, respectively.